

Workforce Planning Guide

**Idaho Division of
Human Resources**



Introduction

This guide is intended to provide you with a four-step workforce planning model and supporting data that will help your agency align human resource processes to create long-term solutions for current and future staffing issues.

What is Workforce Planning?

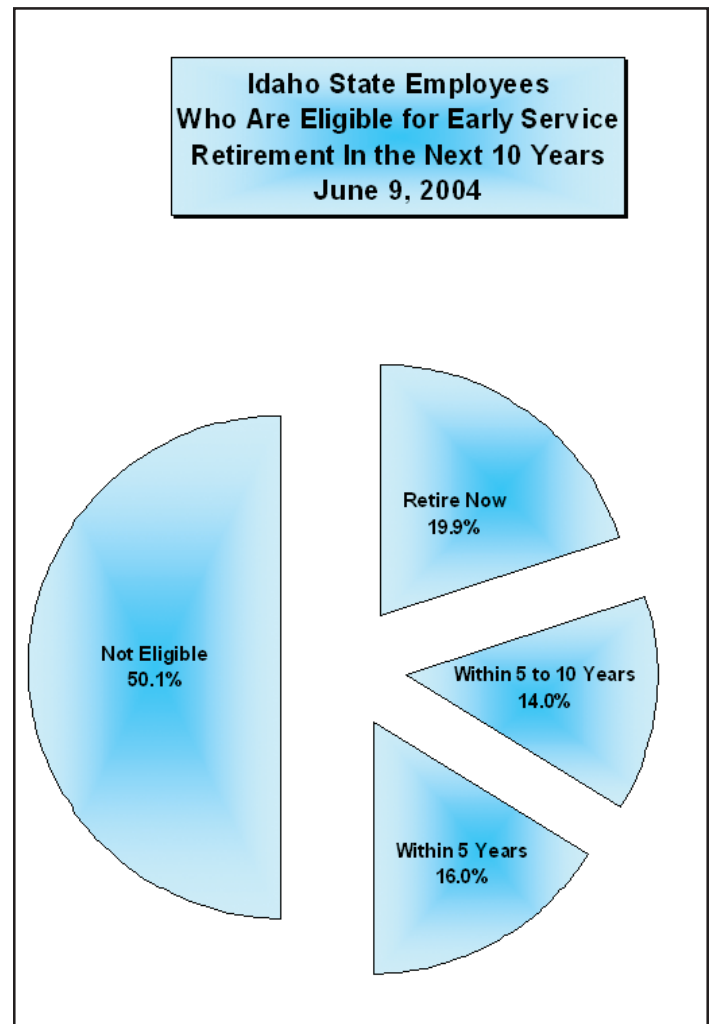
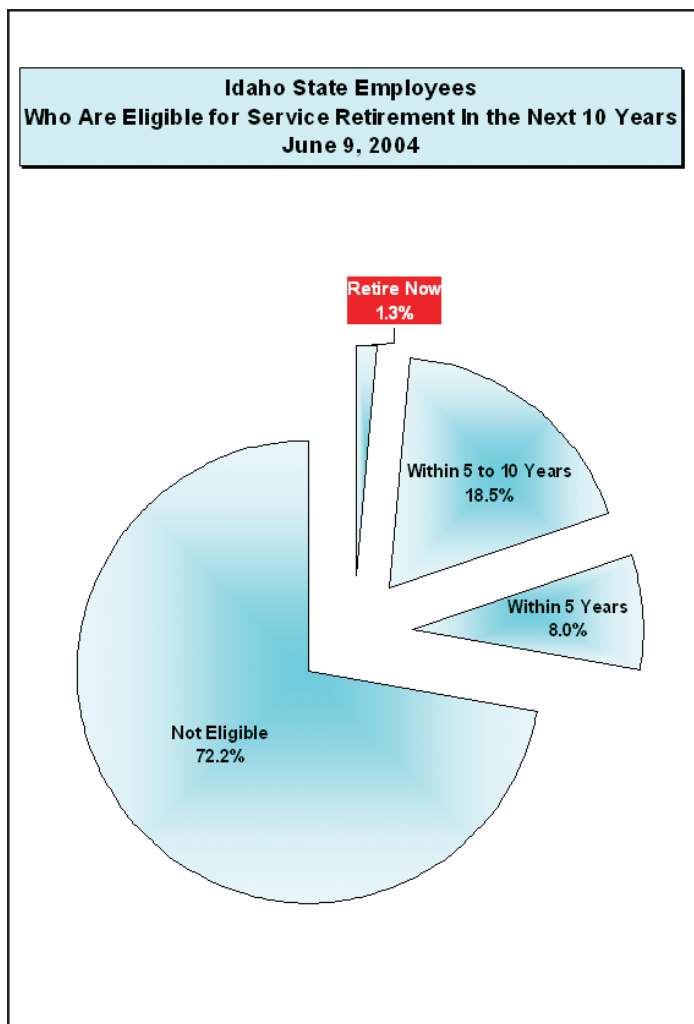
Workforce planning is the process of trying to ensure that you can meet your organization's present and future needs of having the right people in the right place at the right time.

Workforce planning is not a stand alone human resource function. Human resource staff can support and assist you in preparing your workforce plan, but workforce planning should be "owned" by agency managers and top administrators. The information provided throughout this site is oriented to provide an easy to understand, common sense model approach to workforce planning.

Why Care About Workforce Planning?

The numbers speak for themselves. The average age of the state employee in Idaho is 45.3 years, and an estimated 20% of state employees are eligible for retirement in the next ten years. This higher retirement turnover, coupled with natural attrition, will mean a significant loss in workforce skill and knowledge, with certain occupational areas hit harder than others.

FY03 data shows that classified employees under 40 years are making up a smaller and smaller portion of the State's workforce. In FY99, the percentage of classified employees under 40 years of age was 30%. That number has steadily decreased from that time, and FY04 data shows that number is currently less than 29%. If these trends continue, by the time retirees begin exiting the workforce in large numbers, without adequate workforce planning and development, there may not be an adequate pool of qualified state employees available to move into those positions.



The Workforce Plan

Most organizations follow a four-phase model that includes: formulating the strategic direction of your workforce needs; conducting a workforce analysis; implementing the plan; and evaluating and revising the data and plan as necessary.

Before you start, be careful that workforce planning does not take on a life of its own and consume more energy and resources than are available to your organization. Workforce plans may be overly ambitious and complex.

Unless you are ready to commit full-time staff, limit your focus and avoid getting caught up in the need to develop new job competencies or creating executive assessments. Workforce plans should be simple and cover the key areas of your business.

Be sure you remember to plan for a variety of scenarios. Your workforce plan should deal just as much with the potential for downturns as it does with growth.

Remember - The best workforce plan is proactive management.

The adverse effect of a dynamic labor market may be mitigated with quality recruitment, retention, management, training, and development.

The Successful Workforce Model

There are many ways to approach workforce planning. The Division of Human Resources has adopted a four-step model that includes: developing the strategic direction of the workforce; conducting a workforce analysis; plan implementation; and plan evaluation and modification. (See diagram on page 4.)

Strategic Coordination

With executive leadership providing the long-term strategy for the organization, managers need to

coordinate their workforce plans with this strategic direction. To coordinate the workforce plan with the strategic plan, managers will gather their workforce information from a variety of sources including agency leaders, interactions with executive and/or legislative policy advisors, economic and market data, as well as professional affiliations that serve as barometers of workforce trends. Supervisors and line staff can also be an excellent source of additional information. Staff's connections with professional organizations and educational providers can also be immensely helpful in assessing current and future workforce supply and demand. Include your support operations. Finance, HR and IT can have valuable perspectives and may be extremely useful in identifying and determining the agency's workforce needs.

Analysis

This analysis should start with the data you currently have, to evaluate your existing workforce and demographics. This analysis is then extended to compare and contrast information with the information developed through your initial strategic assessment.

Analyzing the current and desired future workforce is generally called "gap analysis." The gap analysis, as the name suggests, is an analysis of "gaps" in your workforce, including staffing shortages and surpluses as well as talent gaps that may be brought on by changing needs and/or pressures. Once these gaps are identified, the "gaps" can become the focus of your workforce plan. The "roadmap" to identifying and implementing strategies that will build the relevant capacities and talents needed for organizational success.

Implementation

As you can tell by now, workforce planning does not lend itself to cut and dried answers. For the most part, your plan will be able to provide you with some data and information that gives you a pretty good idea of where you are now, in contrast to where you want to go. The when and how of plan implementation will require skill and introspection as you determine organizational needs and timeframes. Your strategy will, in all likelihood, require you to act over a period of time and may include the redesign of positions vacated by retirements, turnover and attrition.

Evaluation

The final phase of your workforce plan requires you to faithfully reevaluate your data, projections, and strategic goals. Assess what is, or is not, working, make the necessary adjustments and address any new organizational opportunities or issues you may have.

Workforce Planning Model

Phase 1

Coordinating Workforce Planning Strategy

- Review structure and needs
- Review business processes
- Define objectives
- Organize support
- Communicate planning efforts

Phase 2

Workforce Analysis

- Develop your current and future workforce profile
- Gap analysis
- Solution/strategy development

Phase 3

Workforce Plan Implementation

- Communicate the action plan
- Marketing
- Recruiting
- Implement retention strategy
- Assess your organization

Phase 4

Workforce Plan Evaluation

- Review performance
- Assess program viability
- Implement plan adjustments
- Address new issues

Phase 1

Coordinate Your Strategy

The first step in your workforce plan is to coordinate your strategy. You probably have already developed your annual strategic plan and typically update and evaluate it in terms of mission goals and objectives. This section is designed to assist you in adding your workforce strategy as a regular portion of your annual plan.

When you consider adding workforce planning to your strategic plan any or all of the following information should be considered and incorporated as you see fit.

1. Review your current organizational structure and project future needs including workforce demographics, mission goals, position allocation and workloads. Clearly convey your mission goals to employees and external

customers to keep them up to date with the organization's objectives. This is the "how, when, and who" for achieving your goals. Consider spending the time to compare anticipated workforce needs against available skills. You may also want to look at contingency planning for budgetary reductions as well as growth.

2. Regularly review business processes for efficiencies and the possibility of redesigning or deleting processes.

3. Define how the organization will know when and if it has succeeded. If you can do this, you will have provided yourself with a great "target" for future operations. These objectives set the standards for your organization's operations. Be sure to set realistic goals and objectives and develop a methodology to audit, or monitor progress.

4. Put staff, supervisors and managers in the front of the strategic planning effort. Use human resource and other administrative operations for perspective, technical assistance and as proponents for change.

5. Communicate, communicate, communicate! Consider using customers and employee surveys to better understand your current and future needs. These surveys are also important to identifying business process redesign possibilities.

Make sure you address the following questions as you finish your strategy:

- Where are we today?
- How do our employees/customers/clients see us?
- How do we see the service environment and our organization?
- What is our future? Where are we going? How do we get there? Does this plan address that future?

Phase 2

Workforce Analysis

The second phase of the workforce planning model involves analyzing current and projected workforce needs and then identifying the gaps between the two to obtain a better understanding of the areas in your workforce that may need additional planning to meet future goals. Once these areas have been identified, specific solutions and strategies can be developed to anticipate and plan for future needs.

The Workforce Analysis phase contains three subsections which require data gathering and analysis illustrated below:

Step 1: Current and Future Workforce Profile (Supply & Demand Analysis)

The first step of the Workforce Analysis involves gathering data to create a 'snapshot' of the current workforce profile and provide a picture of what occurred in the past and what is likely to transpire in the future. The workforce profile provides baseline data that can be used to measure the demands in the future workforce profile and includes creating a current workforce profile through analyzing the available data, evaluating the trend of data for future projections, and projecting the future workforce supply.

Creating a Current and Future Workforce Profile

In this step information can be gathered and analyzed to create a current and future profile of the existing workforce. Analysis of the current workforce can include:

- Current workforce composition statistics: staffing levels, hiring patterns, classifications, employment numbers, locations, FTE counts, appointment status, contract/temporary employees
- Demographics data: age, gender, race, tenure, education levels
- Retirement eligibility statistics and patterns
- Attrition statistics/agency turnover
- Organizational structures
- Salary data and contract/temporary costs
- Management/employee ratios, including projected retirement of leadership positions
- Employee turnover statistics

Step 1

Supply & Demand Analysis

- Snapshot of current workforce
- Anticipation of future needs
Consider:
 - Workforce demographics
 - Staffing levels
 - Trends and staffing patterns
 - Current workforce skills & skills needed for future projections

Step 2

Gap Analysis

- Compare differences in current supply & anticipated demand to identify gaps and surpluses in the number of staff & types of skills needed
- Identify areas where management action will be needed to reach workforce objectives/goals

Step 3

Solution/Strategy Development

- Develop solutions/strategies to eliminate or mitigate gaps & surpluses
- Plan Workforce Transition
 - Organizational Structure
 - Recruiting
 - Retention
 - Workforce Allocation
 - Employee Development

- Economic indicators and labor force trends
- Budget, trends and patterns. Do projected funding levels support positions and objectives? Are there any changes to your philosophy or approach to budgeting?
- Impacts of internal and external environment (legislative changes, departmental initiatives, social and economic trends, technology innovations)
- Expected workforce changes driven by factors such as changing missions, goals, strategies, technology, work, workloads, and/or work processes
- Critical functions that must be performed to achieve the mission and goals of the agency

Considerations:

- What functional requirements are linked to meeting those agency mission, vision, and objectives identified in Phase I?
- What are the skills of the current workforce?
- What will be the skill and experience level of the current workforce five years into the future?
- How will the agency's turnover rates, retirements, layoffs and hiring freezes affect the agency's ability to do its work?
- Are there certain occupational groups with increasing worker turnover?
- Can factors influencing turnover be identified?
- Has turnover reduced the skill set of a certain occupational group?
- What challenges affect the agency's ability to recruit and retain mission critical skills?

The analysis can be broken down into smaller agency divisions or occupational groups to help an agency project future workforce supply. Trend information combined with the current workforce profile will provide a more holistic approach to forecasting workforce supply.

State of Idaho Employee Turnover Rate and Retirement Eligibility by Occupational Group - June 9, 2004

Occupational Group	Average Age	Turnover Rate	Percent of Employees Eligible for Service Retirement			
			Retire Now	Within 5 Years	5 to 10 Years	Not Eligible
Administrative	45.8	14.1%	1.6%	8.7%	20.5%	69.2%
Engineering	45.4	6.2%	1.1%	6.8%	23.5%	68.6%
Finance and Accounting	46.4	8.4%	1.2%	10.5%	22.1%	66.2%
Health Care - Medical	50.7	17.0%	4.0%	4.0%	4.0%	88.0%
Health Care - Services	43.3	21.1%	1.2%	7.1%	16.7%	75.0%
Information Technology	43.9	8.5%	0.3%	6.7%	19.6%	73.3%
Labor, Trades, and Crafts	47.0	13.2%	3.0%	9.6%	21.6%	65.7%
Professional Services & Management	45.9	10.7%	1.2%	8.6%	22.7%	67.5%
Protective Services	40.3	14.7%	1.7%	11.3%	18.0%	69.0%
Science	39.5	13.7%	0.6%	3.4%	11.3%	84.8%

Step 2: Gap Analysis

Step two of the Workforce Analysis phase helps to identify the discrepancy between the current and projected workforce needs. Gap analysis is the process of comparing information discovered through the Current Workforce Profile (Supply Analysis) and the Future Workforce Profile (Demand Analysis) to identify 'gaps' or surpluses in *current* staffing levels and organizational skills, and the staffing levels and skills that are anticipated for the *future* workforce needs.

The identification of both gaps and surpluses in workforce staffing levels allows an opportunity for the development of strategies and solutions that will enable an agency to accomplish its mission and goals as well as become more proactive in anticipating and planning for workforce concerns.

Considerations:

- How is the workforce going to change?
- What new skills will the agency need to accomplish its mission and goals?
- Does the agency's workforce currently have the anticipated needed skills?
- What skill gaps are critical for future goal accomplishment?
- What classifications or skills will not be needed in the future?

Step 3: Solution/Strategy Development

The final step of the Workforce Analysis phase generates solutions and strategies to eliminate or mitigate the gaps and surpluses discovered in the gap analysis. Strategies include new or revised programs, policies, and practices that assist an agency in recruiting, developing, and retaining the critical staff necessary for an agency to achieve its goals and objectives.

Considerations to selecting strategies:

Time – Is there enough time to implement the strategy before changes invalidate the selection? Is there time to develop staff internally for upcoming vacancies and/or skills shortages; or is specialized recruitment the best option?

Resources - What resources (staff, money, technology, etc.) are currently available to provide assistance in developing and implementing the strategy? Does the cost of providing the resources justify the end result of the solution?

Internal depth - Does the existing workforce demonstrate the potential and/or interest to develop new skills to promote to new or modified positions, or is external recruitment needed?

"In-demand" skills - What competition exists for future skills that are needed? Will the agency need to recruit for these skills or develop them internally? If the ability to effectively compete for critical skills is limited by compensation and other factors, then internal development, as opposed to external recruitment, may be the more effective strategy.

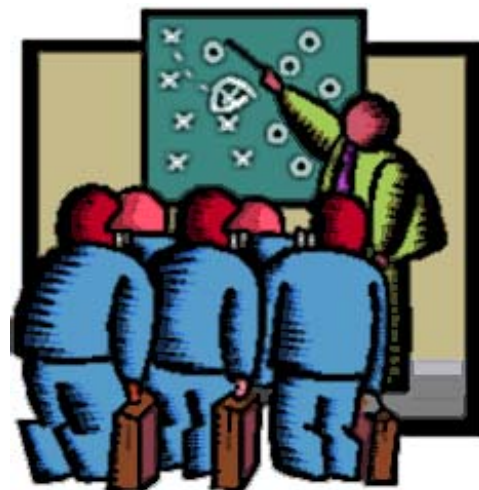
Job classification - Do current job classifications reflect future functional requirements and skills? Does the structure of the classification series have enough flexibility to recognize job growth?

Reorganization - Will some divisions need to be reorganized to meet future service needs and strategic objectives?

Once a strategy has been selected:

- Are adequate internal/external resources available for implementing the selected strategy?
- Is the selected strategy aligned with the mission, vision, and goals of the agency?
- Have clear objectives for the strategy been established?
- Does the strategy address a critical gap or surplus?
- Has the strategy been evaluated to justify its impact in relation to its investment in time and resources?
- Has a sponsor been identified who is willing to support the strategy with the appropriate resources?

There is a wide range of strategies that agencies might wish to use to attract and/or develop staff with needed skills. The following table lists some of the key strategies that agencies can use to address gaps and surpluses. This list is not all inclusive, and agencies may have an opportunity to develop strategies which are unique to their classifications, programs, or goals.



Strategic Considerations

Workforce Allocation

Staff training/retraining
Interagency transfers

Career Development Programs

Personal development consultation
Leadership development
Training positions
Mentoring
Learning opportunities & resources

Organizational Structure

Job design
Classification flexibility
Career development
Cross training
Process changes & streamlined work

Retention Programs

Flexplace/telecommuting
Alternative work schedules
Employee training
Employee recognition
Employee performance incentives
Special projects/job rotations

Recruitment Plans

Focus on critical need
Identification of critical skills
Use of internship programs & volunteers
Specialized recruitment & selection

Phase 3

An Outline for Implementing the Workforce Development Plan

Implementation of the workforce plan consists of building and executing an action-oriented schedule that could include the steps outlined below. The process of implementing your plan to obtain and retain a workforce that is supportive of your agency's mission includes:

1. **Communicating the Action Plan:** As with all steps of the Workforce Planning model, this step requires clear and ongoing communication within the organization about your intent, obligations and expectations.
2. **Marketing:** Through marketing you can communicate your agency's image to potential employees, targeting individuals who possess competencies that will assist in accomplishing your agency's mission. Often called "branding," this step is only effective when you can "sell" your agency's management style, workplace attributes and the prospective employee's ability to perform meaningful work.
3. **Targeting and Recruiting:** After individuals have been targeted, they must be actively recruited. Quarterly forecasting of hiring needs can be a great planning tool. Tracking changes to these forecasts can provide even more insight. This information allows recruiting to quickly realign resources to make sure that all of hiring needs are met in a timely fashion. Recruiting techniques include:

- **Competing for Workforce Share:** The Division of Human Resource staff can provide reports, statistics, and technical expertise to assist agencies in analyzing trends and demographics. Knowing the labor market trends, emerging technologies and workforce demographics can make an agency more competitive. This knowledge can be used to ensure demographics and other labor market dynamics are considered in identifying sources and pools of talent and diversity.
- **Identifying Recruitment Markets and Specific Targets and Establish Outreach Connections:** Division of Human Resource staff is always available to assist agencies with the development and implementation of position specific recruitments. Professional recruitment brochures, staffing recruitments at colleges and universities, and professional conferences and websites in occupations in high demand such as information technology and nursing are just a few examples of our professional partnerships with agencies. Use your existing employee base for internal

promotional opportunities or lateral growth, as well as being an excellent resource for talent referral.

- **Building Effective Recruitment Teams:** The Division of Human Resources is committed to developing effective recruitment teams with agency staff and encourages the involvement of employees, managers and executives in the recruitment process.
- **Building Stable Recruitment Sources:** Establish stable recruitment sources "pipelines" for mission critical occupations. Design and implement successful entry employment programs as well as effective methods for internal employee development. One consideration might be tuition reimbursement for current staff who wish to further their education for future promotional opportunities. The Certified Public Manager program, offered through the Division of Human Resources, is designed to develop state government leadership competence. Other class offerings for training of the state workforce include supervision, professional and management development, and performance management. According to Structures magazine (June 2001), the number one reason why employees remain at a company is the opportunity of good career growth and development opportunities.
- **Identifying Shifting Attitudes and Behaviors towards Work:** As the labor pool changes, prepare to meet the challenge by implementing broad classifications, such as a generic Specialist classification, that can easily be shifted across the organization. Another example can be seen in DHR's Engineer, Manager classifications. Previously, agencies utilized narrowly defined engineer specifications such as water quality, transportation systems, or public utilities. The scope of this classification was broadened and is now used across several agencies. Evaluate your organizational design and structure and consider re-engineering work as demands on service occur. Your team at the Division of Human Resource staff will be happy to assist in developing organizational strategies.

4. **Implementing Retention Strategies:** To avoid critical retention/succession situations, supervisors and managers must know and understand what valued employees want and need to become long-term assets. applying accumulated knowledge to the accomplishment of the agency's goals.

An analysis of workforce trends is essential to determine what factors most affect retention and will help to

identify the dynamics of why valued employees leave their jobs. The following can assist in optimizing working environment and benefits:

- **Career Development and Advancement:** Identifiable organizational commitment to employee professional and personal development. Research shows that the lack of career development opportunities is one of the primary reasons an employee leaves an organization.
- **Work Life Balance:** Organizational commitment to policies and programs such as flex time or telecommuting which are designed to improve the quality of an employee's work and personal life.
- **Recognition:** Recognizing contributions made by employees to the organization. The annual Public Employee Recognition week is supported and promoted by DHR. Our staff can provide ideas on ways to recognize employees and celebrate their successes.
- **Employee Benefits:** Providing benefits to employees that have economic impact.
- **Performance:** Ensuring a fair and equitable system for evaluating employee performance.
- **Diversity:** Visible organizational commitment to the promotion of workforce diversity.

5. **Conducting Organizational Assessments:** After implementing retention strategies, conduct an organizational assessment focusing on succession planning. A good succession plan could include actions that:

- Establish career paths.
- Determine what knowledge, skills and ability are required for the various career paths.
- Determine whether or not an adequate number of employees with the ability to develop the required competencies for succession purposes exist within the organization.
- Provide employees with opportunities to develop a career path. Identify development opportunities for employees to strengthen organizational growth.

- Develop a means of providing incentives and/or working conditions designed to retain valued employees. This system must provide an accurate measurement of the actual return on investment (ROI) concerning the retention of valued employees.

Phase 4

Monitor, Evaluate, and Revise

Just like the annual review of your strategic plan, the evaluation and adjustment of your workforce plan is the key to awareness and continuous improvement of your workforce planning practices. By reviewing your workforce plan with your strategic plan you have the opportunity to:

- Review your plan's performance. Has the strategic plan or other plans changed since the beginning of the planning process? If so, what are the implications? As in the initial development of your strategy, refocus on your target and adjust your goals and objectives if necessary.
- Assess what's working and what's not working. Have your strategies achieved the intended results? Re-survey your employees, clients and customers to find out if your staffing patterns and objectives are meeting internal and external expectations. Have your projections been on target? If not, are the actual projections ongoing and for long-term? Or have you been subjected to coincidence or one-time events. Is a new analysis necessary?
- Adjust the plan and strategies as necessary. What changes would you like to make to the planning process? Are there other issues or organizational designs that will be the subject of your next planning effort? Communicate the plan and involve your entire organization in the planning process.
- Address new workforce and organizational issues that might occur. Utilize your Human Resources staff – not only for their technical expertise, but their perspective on the organization as a whole.

The following is a checklist that summarizes key elements of effective workforce planning.

1. **Strategy.** Identify the organization's direction. In six month increments, try to project the organizational propose five years from now. Review and analyze the following:
 - A. Program Plans for the future.
 - ☐ Anticipate program/mission changes
 - ☐ Anticipate volume, type and location of work to be done
 - ☐ Historical patterns and trends
 - ☐ Anticipated supervisory and managerial strengths
 - ☐ Current and projected skill mix of workers
 - ☐ Consider both Increasing and decreasing workforce demands
 - B. Budget Situation.
 - ☐ Anticipated rising and falling budget or goals
 - ☐ Monitor funding trends and patterns
 - C. Anticipated Environmental Factors
 - ☐ Legislative changes
 - ☐ Technological changes
 - ☐ Internal and external cultural and social changes
2. **Current Resources.** Determine the future availability of current workers:
 - A. Conduct work force analyses.
 - ☐ Potential turnover, retirement, promotions of current employees
 - ☐ Evaluate projected organizational and position structures including vacancies created by internal promotions
 - ☐ Analyze current and anticipated supervisory/non-supervisory ratios
3. **Anticipated Resources.** Identify anticipated changes that may need to be addressed.
 - A. Forecast specific needs considering organizational needs and vision.
 - B. Compare current available resources with needed resources for the future.
 - ☐ Consider changing human resource needs
 - ☐ Position management
 - ☐ Staffing requirements versus projected needs
 - ☐ Career progressions
 - ☐ Supervisory and managerial replacements

4. **Action Plan.** Determine how your needs will be met:

A. Address your most serious needs and issues. Establish objectives from the needs assessment

B. Develop an action plan.

- _____ Seriously consider your internal sources of workers including development plans, training and job designs
- _____ Recruitment sources and options for external sources of workers
- _____ Job design and possible redesign
- _____ Internships and volunteer potential
- _____ Re-engineering and restructuring jobs for productivity improvement

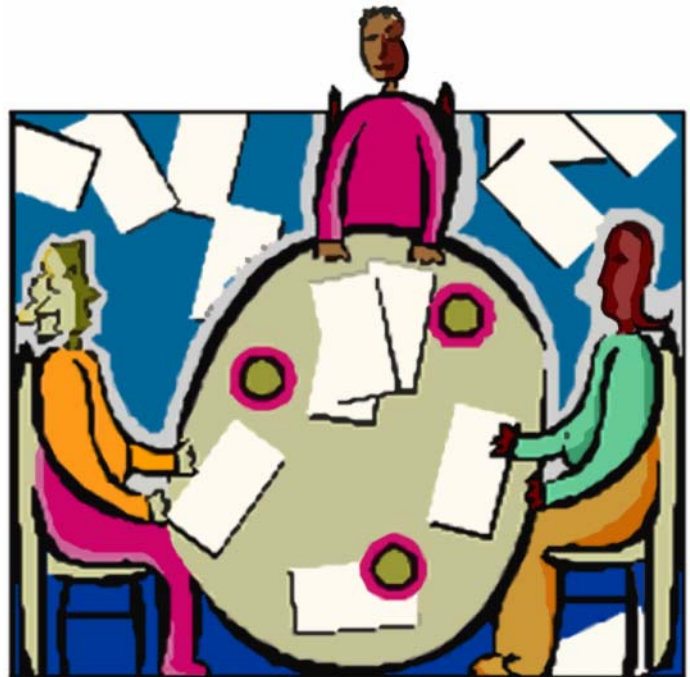
5. **Costing and financial management.** Identify items with cost implications and project monetary support for increased or decreased staffing.

Acknowledgements and Resources

We benefited from the succession planning publication, ***"Our Workforce Matters: A guide to work force and succession planning for New York state agencies"*** developed by the **New York State Department of Civil Service** and the **New York State Governor's Office of Employee Relations**.

We also benefited from being able to refer to guides produced by the **State of Texas, State of Washington, State of Wisconsin, State of Minnesota** and the **U. S. Department of Transportation, U. S. Department of Health and Human Services**, and the **U. S. Office of Personnel Management**.

"Building Successful Organizations: A Guide to Strategic Workforce Planning," published by the **National Academy of Public Administration**, was also helpful.



Other Helpful Resources:

U.S. Department of Labor, Bureau of Labor Statistics: <http://stats.bls.gov>

U.S. Census Bureau: <http://www.census.gov>.